

Testimony  
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Department of Environmental Quality  
HB 73

The Water Protection Bureau's mission is to prevent surface and ground water pollution by review of the potential sources of pollution and issuance of various discharge permits. The major program funded by fees is the Montana Pollutant Discharge Elimination System Permit Program or MPDES.

The current caps were set in 1993 and have not been adjusted since that time. HB73 proposes raising the fee caps set in statute from \$5,000 to \$7,000 for application fees and \$3,000 to \$5,000 for annual fees.

Over the last 13 plus years the permitting of applications through the collection of fees has operated with a positive fund balance. However, increases in operating expenditures that include salaries, benefits, services and equipment have eroded the fund balance or cash needed to operate the program.

To sustain the viability of the program an adjustment in the fee caps is needed in order to allow the Board of Environmental Review to consider and adjust fees in the future. The Water Protection Bureau has projected its financial position from 2007 into the next few years with current fee revenue and operations of the program remaining constant. From those projections the Bureau will face a cash shortfall beginning in FY2009. Thus, it is vital that the fee caps be adjusted to the proposed \$7,000 for application fees and the proposed \$5,000 for the annual fee.

With an increase in the fee caps the Bureau will be able to operate its current programs into the future and will hopefully be able to absorb anticipated reductions in federal funds that support the program.

When the Water Protection Bureau proceeds with a rulemaking before the Board of Environmental Review to consider changing fees, a variety of factors will be considered. The Water Pollution Control Advisory Council has been consulted regarding how to proceed and a number of ideas have been planned. One of the suggestions is to charge more for applications from new operations and less to renew an existing operation in the application process. At this time, all applications are charged the same amount by permit type. Raising the caps would allow the Department to explore this recommendation and others. The Bureau would work with permit holders in a rule proposal to explore options before proceeding with rulemaking.